

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2442 - HB 2592

February 26, 2018

SUMMARY OF BILL: Establishes that a law of general application ceases to be mandatory in effect if the law has a fiscal impact, as indicated on a fiscal note, of more than \$100,000 in direct local government expenditures, or multiple laws enacted during a single calendar year have a combined impact of more than \$1,000,000, if such law or laws are not fully funded by either a dedicated state appropriation, a dedicated funding source provided for within the legislation, or a dedication of the increase in state shared revenues from the previous year adjusted for inflation until such funds have been expended.

Prohibits state government entities from denying funds to, fining, or otherwise penalizing a local government solely on the basis that the local government opted not to comply with legislation that is not mandatory in its effect pursuant to this Act. Exempts certain categories of laws from this Act.

Prohibits a state agency from adopting a rule that increases any fee, or creates a new fee, that will impact local government programs and activities in any year where general state revenues appropriated to the agency have decreased from the previous year.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact on state and local governments cannot be quantified with reasonable certainty. In general, the proposed legislation could result in increases in state expenditures and decreases in local government expenditures.

Assumptions:

- Under current law, pursuant to Tenn. Code Ann. § 9-4-5302, \$1,000,000 of the increase in state taxes shared with local governments over such taxes apportioned to local governments in the previous year is to be available for allocation to local governments to provide the state's share of any contribution required to fund any law of general application that imposes mandatory increases in local government expenditures.
- If a cost of any such law is more than \$50,000, the source and amount of funding from state funds must be set forth in such law.
- The proposed legislation will impact future budgetary procedures and will require any laws with mandatory increases in local government expenditures of more than \$100,000,

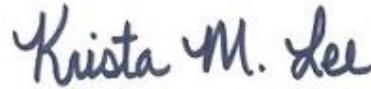
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or laws with a cumulative increase in local government expenditures of more than \$1,000,000 in any calendar year, to be fully funded in order for such laws to become effective.

- Due to multiple unknown factors, such as the impact of such provision on passage of any future legislation, the number of laws that will be impacted by this Act, and the associated expenditures related to such laws, a precise fiscal impact on state and local government expenditures cannot be quantified with reasonable certainty.
- Prohibiting state agencies from adopting a rule that increases any fee, or creates a new fee, that will impact local government programs and activities in any year where general state revenues appropriated to the agency have decreased from the previous year could impact operations of such state agencies.
- However, due to multiple unknown factors, such as the number of rules that would otherwise be adopted under current law but will be prohibited pursuant to this legislation, the specifics regarding any fee increases pursuant to such rules, and actions that will be taken by agencies in lieu of such rules, a precise fiscal impact on state and local government cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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